farm implements. (Washington: Federal Trade Commission. 1920. Pp. 713.)

Report of the proceedings of the twenty-fifth general meeting of Crown Mines, Ltd., held at Johannesburg, May 26, 1921. (Johannesburg, South Africa: Crown Mines, Ltd. 1921. Pp. 16.)

This contains a considerable amount of statistical data in regard to the working costs of gold mining, and also some comment as to the relation of these costs to the currency question.

Retail prices, 1913 to December, 1919. Bureau of Labor Statistics, bull. no. 270. (Washington: Dept. of Labor. 1921. Pp. 498.)

Public Finance, Taxation, and Tariff

The Fundamental Principles of Taxation in the Light of Modern Developments. By Sir Josiah Stamp. (London: Macmillan Company. 1920. Pp. xi, 201. 10s. 6d.)

This book contains six lectures originally delivered at University College, London, with very little attempt at rearrangement or modification. Hence there is a tendency to concentrate on a few striking points rather than to give an all-around view of the subject-matter; hence also there are passages in which the argument is too condensed to be easily followed by the reader unless he is already well acquainted with the subject. In spite of these objections the amateur student of taxation will find the book very interesting, even amusing; and the professional economist will rejoice to see such a combination of sound theory with administrative sagacity. The problem of tempering justice with expediency in the distribution of public burdens is one of the most difficult in applied economics, and few of those who have tackled it have had as much of both academic training and administrative experience as has Dr. Stamp.

In the first chapter there are five tests suggested for the measure of tax-paying ability, viz.: the "time element," the "economic" or "pure income" aspect, the "precarious" or "earned" income discrimination, "domestic circumstances," and the "economic surplus" distinction. This analysis furnishes the framework for that and the following chapter.

It has occurred to the reviewer that there is even more in this "time element" than the author thought. Is not the distinction between "earned" and "unearned" income really based on the fact that incomes that are equal, when reckoned on an annual basis, become unequal, if a sufficient period of time be taken? If we were accustomed to collect income taxes on a fifty-year accounting basis there would be little need to allow deductions for possible "precariousness of employment, sickness, old age, and other infirmities," as these contingencies would not be "possible," but would have occurred, and the income would actually

have been reduced by them. The individual who depends upon his own activities for his income resembles in some respects an entrepreneur, whose profits may fluctuate from year to year; in other respects he resembles a capitalist whose capital is of limited life, and whose realized income therefore includes a certain amount of his principal. If he kept as elaborate accounts as a modern business corporation does, he would be compelled to establish "reserves" against the contingencies mentioned above, including a reserve against the depreciation of his own earning capacity, before declaring any dividend. But neither an individual nor a business corporation would need to set up any reserves if they drew up their accounts only at the expiration of periods as long as the life of their capital assets. In other words, the natural accounting period of a man working for his income is his life-time, and it is only because we are compelled for practical reasons to assess his income every year that we must allow him deductions not allowed to the recipient of income from property. In this connection it is necessary to state that the author seems to misunderstand Professor Taussig's views on this matter. I have been unable to find in Taussig's *Principles* the two quotations attributed to him by Dr. Stamp on his page 179. On the other hand, in volume II, page 490, he speaks of the "moral obligation" resting on the recipient of an unfounded income, to save part of it, as a justification for lesser taxes on such income; and on page 495 he speaks favorably of progressive taxation of funded income as a means of confiscating saver's rent.

The discussion of "Death duties" in chapter 5 is extremely interesting, especially the part that is concerned with their effect on the formation of capital. Ordinarily, it is said that the heir, being compelled to pay an inheritance tax, will regard it as a deduction from capital and make no attempt to save the amount from his subsequent income, whereas if it were taken from him by an income tax he would economize in consequence. Dr. Stamp's discussion is from an entirely different point of view; he analyzes the psychology, not of the heir, but of the decedent: will he save more, anticipating an inheritance tax, than he would if the same sum were taken during his lifetime by an income tax? The answer is, obviously, "Yes." Here again a slight correction is called for: opinion in the United States has not hardened enough against the federal inheritance tax so that there seems to be any immediate likelihood of its repeal, and there are many who think that the states alone cannot succeed in imposing very high rates on inheritances.

In the last chapter the author takes up possible ulterior objects of taxation, such as suppression of vices, redistribution of wealth, and the benefits supposed to be obtainable through a protective tariff.

Here, as in the rest of the book, there is that absence of doctrinairism, that willingness to face facts and to allow for prejudices, which we have learned to expect in Dr. Stamp's works. The reader's regret that the book is so short will be tempered by admiration for the skill with which it is brought to an end.

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